



September 27, 2005

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Comments on Proposed Rule Part 741.8

Dear Ms. Rupp:

I am writing on behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, in response to the National Credit Union Administration's (NCUA) request for comment on its proposed rule, 12 C.F.R. Part 741.8, Purchase of Assets and Assumptions of Liabilities. This regulation identifies certain transactions that require NCUA approval and outlines some exceptions that do not require approval.

The proposed rule is designed to clarify which transfers of assets or accounts require approval by the NCUA Board. In its notice of proposed rulemaking, NCUA also seeks comments on provisions governing non-conforming investments by federally-insured state-chartered credit unions, and on the extension of some of the limits in the Credit Union Service Organization (CUSO) rule to federally-insured state-chartered credit unions.

Overall, NAFCU supports the proposed rule. NAFCU believes that the addition of subsection (b)(3) to Part 741.8 will clarify that transactions involving the sale or purchase of loans or other assets between federally-insured credit unions do not require NCUA Board approval. NAFCU agrees with NCUA that transfers between federally-insured credit unions do not materially increase risk to the National Credit Union Share Insurance Fund (NCUSIF).

NAFCU does believe that a further clarification needs to be made in proposed 12 C.F.R. § 741.8 (c). NAFCU believes it is more appropriate for a credit union to seek approval for activities that require approval under the regulation at the regional office in

the region in which the acquiring credit union is headquartered as opposed to a region where it may operate.

In regards to non-conforming investments, NAFCU supports eliminating the requirement that federally-insured state-chartered credit unions establish special reserves for nonconforming investments. NAFCU believes that requiring all nonconforming investments to be "investment grade" at the time of purchase will provide better consistency with Generally Accepted Accounting Principles and will better reduce potential risk to the NCUSIF than the current practice.

Finally, NAFCU supports extending the structure, accounting, audit, and corporate separateness provisions of 12 C.F.R Part 712, Credit Union Service Organizations (CUSO), to federally-insured state chartered credit unions. NAFCU believes that requiring a federally-insured state-chartered credit union to comply would further uniformity among credit union interactions with CUSOs.

NAFCU would like to thank you for this opportunity to share its views on this proposed rule. Should you have any questions or require additional information, please call me or Carrie Hunt, NAFCU's Associate Director of Regulatory Affairs, at (703) 522-4770 or (800) 336-4644 ext. 234.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred R. Becker, Jr.", with a stylized flourish at the end.

Fred R. Becker, Jr.
President/CEO

FRB/crh